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C O N F I D E N T I A L SECTION 01 OF 03 BELGRADE 000254

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SUBJECT: SERBIA/SLOVENIA: TURNING THE PAGE IN BILATERAL
RELATIONSHIP

REF: ZAGREB 118

Classified By: Deborah Mennuti, Political Chief; reasons 1.4 (b, d).

[1](#)1. (U) This cable was coordinated with Embassy Ljubljana.

Summary

[1](#)2. (C) The early March visit of Slovenian PM Pahor to Belgrade marked a new step forward in the bilateral relationship. Sidestepping Kosovo, Pahor's meetings with Serbian President Tadic and PM Cvetkovic resulted in progress on longstanding disputes involving social insurance, minority issues, and Yugoslav property succession issues. Discussions between the mayors of Ljubljana and Belgrade, as well as a delegation of 56 Slovenian businessmen, focused on areas of economic cooperation in the midst of the economic crisis. Though both sides are recognizing the value of a rejuvenated bilateral relationship, longstanding misgivings and suspicions on both sides will make the improvement of ties slow and deliberate. End Summary.

Pahor Visit to Belgrade Signals "New Chapter"

[1](#)3. (C) Slovenian Prime Minister Borut Pahor's visit to Belgrade on March 7 was touted by Serbian and Slovenian officials as a turning point in the bilateral relationship between Belgrade and Ljubljana. The first high-level bilateral visit in over two years, the visit included talks with Serbian PM Cvetkovic and President Tadic, discussions between Ljubljana Mayor Zoran Jankovic and Belgrade Mayor Djilas, and meetings between a delegation of 56 Slovenian businessmen and their counterparts hosted by the Serbian Chamber of Commerce. Slovenian Minister of Economy Matej Lahovnik was also a part of the delegation, signaling the importance of economic ties. President Tadic declared that Serbia would count on the support of Ljubljana in achieving Serbia's goals for EU integration despite the cloud that Slovenia's recognition of Kosovo had brought over bilateral relations. Jadranka Sturck-Kocjan, the Slovenian DCM in Belgrade, told us that Serbia postponed the visit of Croatian Prime Minister Sanader to late March to ensure that Pahor would visit Belgrade first, a signal that Ljubljana believed indicated Belgrade's seriousness in rejuvenating bilateral ties. Kocjan added that the previous Slovenian government of Januz Jansa had "written off" relations with Serbia and that Pahor's desire to reach out to Belgrade signified a more proactive approach of Ljubljana toward Belgrade.

Agreement to Disagree on Kosovo

[1](#)4. (C) Slovenia's recognition of Kosovo in February 2008

effectively froze bilateral relations until Pahor's accession to power. Kocjan told us that Cvetkovic and Pahor had agreed at the outset of their meetings not to discuss Kosovo and to tacitly agree to disagree. Pahor discussed Kosovo with Tadic during their 40-minute tete-a-tete meeting, Kocjan said, but Pahor only revealed to her, without elaboration, that Tadic said "Serbia has only one plan for Kosovo." Pahor's Foreign Policy Advisor, Marko Makovec, on March 9 told Charge in Ljubljana that Tadic asked Slovenia not to promote its relations with Kosovo too much and that Pahor agreed to Tadic's request that Slovenia hew to the "average EU" position.

Progress on Sticking Points...

15. (SBU) Cvetkovic and Pahor signed a memorandum of understanding for technical assistance in European affairs (including support for Serbia's Schengen White List aspirations), which Cvetkovic said showed that Slovenia and Serbia reached agreement on "almost all questions." Key among these was the longstanding disagreement on social insurance policy for former Yugoslav citizens from Serbia who settled in Slovenia, and vice versa. (Serbia and Slovenia are the only two republics of the former Yugoslavia that have not reached an agreement on social insurance. About 10,000 Serbs living in Slovenia lack social insurance, according to our MFA contacts.) Cvetkovic announced that both sides agreed to a framework for negotiations and expected an agreement to be reached by the end of the year. Our Serbian and Slovenian contacts ascribed this breakthrough to the Slovenian government's adoption of a negotiation framework on March 6,

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in large part motivated by a desire to demonstrate Slovenia's ability to reach agreement on contentious issues at a time when Ljubljana is embroiled in a protracted border dispute with Croatia (reftel).

16. (SBU) The two sides made progress on resolving disagreements on "erased persons" and minority issues. (About 26,000 Yugoslav citizens lost their Yugoslav citizenship without gaining another, thereby resulting in their being "erased" from any country's citizenship rolls. A majority of the "erased" were reportedly Serbs.) Cvetkovic and Pahor reached an agreement to hold negotiations on how to quicken the granting of citizenship to "erased persons." Belgrade has been pushing to attain minority status for 3000-4000 Serbs in Slovenia akin to the treatment Slovenia grants Hungarians and Italians, a concession Ljubljana refuses to grant citing constitutional provisions specifically bestowing such minority status on Hungarians and Italians. Cvetkovic and Pahor sought to defuse this issue by agreeing to develop language and education programs for Serbs in Slovenia.

But Longstanding Misgivings and Suspicions Endure

17. (SBU) The deepening of bilateral relations will be slow in light of the deep-seated prejudices that afflict both sides. Resentment of Slovenia's precipitating the break-up of Yugoslavia in the early 1990s and jealousy of Slovenia's economic successes are common attitudes in Belgrade. One mid-level MFA official told us that Serbs see Slovenes as weaseling to win benefits without working for them. He pointed to Mercator's acquisition of a 400 million euro loan from a local branch of Raiffeisen as a case in point. The same official ascribed the lack of progress in bilateral relations until recently to the Slovenian Embassy's preoccupation with business promotion at the expense of political relations.

18. (C) For their part, Slovenes continue to chafe at Serbian treatment of Slovenian property in Serbia that was nationalized following the dissolution of Yugoslavia. While

voicing optimism in Cvetkovic's intent to negotiate to reach a resolution, Kocjan noted that former Serbian dictator Slobodan Milosevic had given Slovenian real estate to Socialist Party of Serbia (SPS) officials and that she suspected that many Serbian interests had a stake in opposing a resolution. Kocjan also told us that Ljubljana would not agree to a presidential level exchange until the Serbian government apologized for the damage caused to the Slovenian Embassy in Belgrade in February 2008 following Kosovo's independence. During a visit to Ljubljana in February 2009, Kocjan said, Foreign Minister Vuk Jeremic made clear that such an apology would not be forthcoming.

Economic Ties Will Bind

¶9. (SBU) Slovenia continues to maintain a large economic footprint in Serbia which ensures continued contact in the business spheres with spillover into the political realm. Slovenian companies have invested approximately \$2.2 billion in Serbia since 2000 and Slovenia maintains the largest numbers of investors in the country, according to Milos Bugarin, president of the Serbian Chamber of Commerce. Serbia last year exported about 17 million euro worth of goods into Slovenia. Serbia's real-estate conglomerate Delta Holding in March revealed that it placed a bid for a 48% stake in the Slovenian retail chain Mercator.

Comment

¶10. (C) Pahor's visit to Serbia represents another step in Tadic's efforts to demonstrate Serbia's ability to be a responsible member of the neighborhood. Though longstanding prejudices against Slovenia run deep, Tadic recognizes that Ljubljana could be a useful voice in the EU for Serbia on Schengen White List and other accession issues. Slovenia, on the other hand, will seek from Belgrade the protection of its markets and economic assets in Serbia as well as seek to encourage Serbia along the path towards Euro-Atlantic integration. There is a long way to go to repair the bilateral relationship, but it is encouraging to see both sides recognizing the value of closer cooperation, the success of which would bode well for Serbia's EU aspirations and regional stability. During a chance meeting, DCM praised

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Serbian presidential foreign policy advisor Jovan Ratkovic on the constructive and future-oriented atmosphere of both the Slovenian and March 20 Croatian Prime Minister visits. (Croatian PM visit to be reported septel.) Obviously pleased with the two visits, Ratkovic offered that Serbia would next welcome visits by the Montenegrin and Macedonian Prime Ministers following their respective elections. End Comment.
MUNTER